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Interim report on the world social situation

Report of the Secretary-General

CONTENTS

		Paragraphs	Page
I.	INTRODUCTION	1 - 7	2
II.	MAIN ISSUES AND TRENDS: AN UPDATE	8 - 52	4
A.	Institutional changes	8 - 18	4
	The size and role of government	14 - 18	6
B.	Growing concern with social services and welfare issues	19 - 33	9
1.	Resource use in social services	19 - 22	9
2.	Health services	23 - 27	14
3.	Education	28 - 30	15
4.	Social security	31 - 33	16
C.	Environmental issues	34 - 38	17
D.	Drug abuse	39 - 44	18
E.	The peace dividend	45 - 48	21
F.	Conclusion	49 - 52	23
Annex.	1993 Report on the World Social Situation (a draft framework)		29

I. INTRODUCTION

1. The present report on the world social situation has been prepared in response to General Assembly resolution 44/56 of 8 December 1989, in which the Secretary-General was requested "to submit an interim report to the Assembly in 1991, through the Commission for Social Development and the Economic and Social Council".

2. The decade of the 1980s has been a period of solid improvements in the world social situation in many countries, of unprecedented reversals in some others and of radical changes in the economic and social institutions in still others. The rapid and radical transformations in international relations resulting from the virtual elimination of ideological conflicts from these relations, the growth of scientific knowledge on the relationship between the economy and the environment and a deeper commitment on the part of Governments to seek solutions to common problems - all hold forth brighter prospects for international co-operation in the coming decade.

3. Sustained growth in output per capita in countries with large populations, such as China, India, Indonesia, Pakistan and Thailand, have helped raise incomes in these countries which account for nearly 60 per cent of the population in developing countries. In contrast, economic stagnation and reversals in the Latin American and Caribbean region and especially sub-Saharan Africa have pulled down social conditions and added to problems of global poverty. A number of factors contributed in varying degrees to the deterioration in economic and social conditions in the latter group of countries. In sub-Saharan Africa, adverse climatic conditions was a significant factor in the earlier part of the decade in the very unsatisfactory growth in agricultural output, especially food. Helplessness in the face of those climatic conditions highlighted the importance of infrastructure, such as the need for irrigation, in these countries. Regional and/or internal conflicts particularly in West Asia, southern Africa and Central America caused considerable destruction and arrested development in the economic and social fields. Most countries in Latin America and Africa were weighed down by the burden of external debt that hampered their efforts to improve social conditions and to provide for future growth. Although some relief was provided by the write-off of bilateral loans to some low-income countries, problems of debt servicing and lack of access to commercial credit markets continue to hamper development efforts in many countries. The consequent compression of import capacity was not lessened by a rapid growth of exports. Those problems were compounded by persistently low international terms of trade for primary commodity exports. Finally, problems of price inflation and inefficient use of resources consequent upon inadequate policies and inappropriate policy instruments also contributed to arresting development and worsening social conditions. Restrictions on growth in demand and the rapid turnaround to more liberal economic policies themselves deepened the crises in some instances, at least over the short term.

4. The most prominent and radical transformations in economic and social institutions during the decade have been in the formerly centrally-planned

economies now in transition to market economies. Major political institutions, property rights, the organization of economic activity, arrangements for social security and welfare have all been subject to change, extremely rapidly in some instances and in more measured steps in others. As the process of transformation is still incomplete, the consequences on the social situation are still too early to report.

5. Despite improvements in social conditions in much of Asia, nearly half the population in that continent still lives in poverty. The problem of poverty has been aggravated in Africa and Latin America, where living conditions in many instances either stagnated or dropped in the 1980s. Eradication of poverty and the improvement in these conditions have emerged very high on the list of priorities of both Governments and intergovernmental organizations. The new spirit of co-operation among countries holds much promise that international co-operation for these purposes would be more productive in the next decade than earlier.

6. Of necessity, only a very few of these trends and issues can be discussed in the present report. The selection of issues and trends for inclusion has been governed by two principal considerations. Institutional changes and social services and social welfare issues have been subject to rapid change and intense debate. The other three themes relating to the environment, drug abuse and disarmament are areas in which the international community has made fresh perceptions and new commitments pushing these problems a step or two nearer solution than earlier. The themes discussed in the present report draw mainly on the experience of developing countries and the formerly centrally-planned economies and less on that of the developed market economy countries. However, the questions are of enormous interest to the international community at large. This update on main issues and trends of international concern since the submission of the 1989 Report on the World Social Situation 1/ and the Addendum to that report (A/45/137-E/1990/35) is contained in section II of the present report.

7. The draft framework for the 1993 Report on the World Social Situation is contained in the annex to the present report and was prepared after taking full account of the resolutions, decisions and proceedings of the relevant organs bearing on the report. The information and analysis contained in section II will respond to the request of the Economic and Social Council, in its resolution 1989/72 of 24 May 1989, to give high priority to an analysis of the main indicators of social progress and standards of living. The draft framework for the 1993 Report will contain several chapters, each of which will be devoted to a broad theme, all related to global economic and social situations. Throughout the report, particular attention will be paid to the status and conditions of women. The regional commissions, selected specialized agencies, research institutions and other parts of the Secretariat of the United Nations were consulted in the selection of the themes and the elaboration of their orientation.

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II. MAIN ISSUES AND TRENDS: AN UPDATE

A. Institutional changes

8. Distinctly, the most momentous social trends to gather strength during 1989 and 1990 are the search for and changes in the major economic, political and social institutions the world over. The changes are most pronounced in Eastern Europe and in the Union of Soviet Socialist Republics, as they radically transform economic, political and social institutions. The search for new institutions is no less strong in many developing countries, especially in Africa, as they seek to understand the causes for the low productivity of investment and persistent poverty. In most developed countries, substantial changes in fundamental social institutions, such as the family, because of new morés and the increasing participation of women in the work force and the search for higher productivity engendered a need for new institutions to undertake functions carried out earlier by the family and other institutions. In virtually all societies, there is a keener search for higher productivity and larger production. The achievement of these objectives are required at the same time to be compatible with the preservation of ecosystems and the physical environment and conducive to the maintenance of the vitality and variety of animal and plant life. The organization of society for production and governance, while calling for the the best efforts from production agents, must also enable the enjoyment of human rights and social justice. Institutions of government and production relations must be so organized as to enable the achievement of all these objectives.

9. There have been radical changes in the way Governments are formed and in the laws and procedures under which they function in East European countries and in the Soviet Union. In all of these countries, the movement towards institutions of government accountable to the public at large, subject to laws publicly enforced and formed with the active participation of the public has been rapid and decisive. In Africa, among developing countries, there have been new assertions of the role of popular participation in political processes. The African Charter for Popular Participation in Development points out: "... there must be an opening up of political processes to accommodate freedom of opinion, tolerate differences, accept consensus on issues as well as ensure the effective participation of the people and their organizations and associations." 2/ In virtualy all of Latin America, military and authoritarian régimes have been replaced by popularly elected Governments. In Asia, institutions of government underwent major changes in Nepal, Pakistan and the Republic of Korea, all to provide opportunities for greater participation by the people in processes of government.

10. Along with changes in political institutions in Eastern Europe and the Soviet Union, there have been steps to transform economic and social institutions from those of an administrative command economy to those of a market economy, the sequence and speed of change varying among countries. The fastest to develop have been markets for consumer goods and services. The establishment of a market for labour in these economies has been slow to develop. The creation of assets markets is fraught with even greater difficulties. There are two major problems in installing private ownership in the means of production. The first is that of

valuation. The estimation of the present market value of assets requires an assessment of flows of output, the prices of that output and a discount factor. Given the high degrees of uncertainty, the assessment of the demand for output is extremely hazardous. Since there are no market prices, the valuation of this output is even more difficult. As there are no market interest rates, the search for a discount rate is elusive. Consequently, it is inevitable that the first set of asset prices would probably be quite arbitrary; the second is, who shall come to own enterprises presently owned by government. As markets for assets develop, initial owners will make large capital gains to form the basis of subsequent inequalities in the ownership of wealth.

11. In a functioning market economy, there are a welter of institutions supporting, integrating and regulating the markets and the multitude of agents in them. A system of commercial law perceived to be impartially enforced by courts, a network of financial institutions lubricating the movement of goods and services between transactions, accounting and audit professions enjoying public trust and both government and non-government institutions regulating the functioning of some agents in the market are among the more significant of those institutions. In the developed market economies, those institutions have developed over the centuries, each innovation springing up to meet a challenge posed mostly by advances in technology and the consequent need for new ways of organizing commerce and industry. In most developing countries, they have been painfully slow to grow and many still lack the sophistication and versatility evident in developed market economies. The effort in Eastern Europe and in the Soviet Union now in transition from administrative command economies to market economies is wholly unprecedented and the expectation that the transformation will come about fast is unlikely to be realized.

12. The social consequences of those changes in Eastern Europe and the Soviet Union when completed will be massive and only some glimpses are obtainable now. One of the first to appear is the conflict among ethnic groups, which had been virtually totally absent in the centrally-planned economies. At the end of 1990, there were some 600,000 refugees from ethnic violence in the Soviet Union. 3/ Partly because of ethnic problems and partly because of the deterioration of other conditions, more than 400,000 people are estimated to have left the Soviet Union in 1990. 4/ There are no reliable estimates of the number of people similarly displaced in Eastern Europe, where there also has been an upsurge in ethnic conflicts.

13. Unemployment has begun to appear as a major problem in several countries of Eastern Europe. Some 57,000 people reported having lost their jobs in June 1990 in Hungary, and 443,000 people were without work in Poland in May 1990. Their number in Poland was expected to grow to 1.3 million by the end of 1990. 5/ In the Soviet Union, in 1990, according to some estimates, there were 8 million people unemployed in a total labour force of 135.5 million. 6/

The size and role of government

14. Among 50 countries for which there are comparable data (see table 1) the size of the government in the economy, as measured by the ratio of central government expenditure to the gross national product, fell in 22 countries, rose in 21 and remained more or less the same in seven during the last decade. The ratio almost halved from 20 per cent to 11 per cent in El Salvador and fell by more than a quarter in Guatemala, Israel, the Republic of Korea, Malaysia, Mauritius, Morocco and Swaziland, all developing countries. The most steep increase was in Zimbabwe from 32 per cent in 1981 to 47 per cent in 1987. There was no overwhelming tendency either among developed or developing countries for the size of government to fall over the decade, although the nature of government intervention may have changed.

15. In most of the former centrally-planned economies, policies have been adopted to change the role of the government in the economy and to permit the functioning of private enterprises on a scale larger than hitherto. 7/ Because of those changes, private sector enterprises and their output have grown rapidly. In Hungary, small-scale co-operative enterprises grew by 25 per cent in 1988. The number of joint stock companies grew from 567 in 1988 to 5,300 in 1989. 8/ In Poland, where peasant farming continued right through the period of the administrative command economy, private producers contributed 75 per cent of all agricultural production in 1989 and the number of private corporate enterprises increased from 1,300 to 11,800 in 1989. 9/ In the Soviet Union, in mid-1990, co-operative (private sector) enterprises employed about 5.6 million people and the value of their output was estimated to be 45 billion roubles. 10/

16. The extent to which government-owned assets were transferred to private ownership has been modest in developed countries, except the United Kingdom of Great Britain and Northern Ireland. In several developing countries, some 1,000 public enterprises have been transferred to private ownership since 1985. The Government of Guinea sold 32 enterprises to the private sector and had plans to sell 14 more. The Government of Ghana had advertised 32 enterprises for sale. Tunisia had decided to sell 11 enterprises and liquidate several others. 11/ Under a three-year plan adopted in Nigeria in 1990, 92 government-owned enterprises were to be sold to the private sector; of these, 16 had been sold by April 1990. 12/ In Asia, the Governments of Malaysia and Thailand transferred a few enterprises to the private sector. In Jamaica, the Government had transferred enterprises valued at $870 million up to 1989 and in 1989 divested itself of three agro-industrial companies, including parts of the Banana Company. Some government exterprises were also sold to the private sector in Mexico.

Table 1. Central government expenditure as a percentage of gross national product 1981 and 1988

Country	1981	1988
Australia	25.48	28.64 a/
Austria	39.67	40.88
Bahrain	33.04	32.47
Belgium	56.18	53.20 a/
Canada	23.42	23.25 b/
Chile	31.77	32.54
Colombia	14.69	14.03 a/
Cyprus	27.70	29.76
Egypt	49.71	43.71 a/
El Salvador	20.40	11.31
Ethiopia	26.06	35.30 a/
Finland	30.13	31.90 a/
Germany	31.56	30.13
Ghana	11.05	14.75 a/
Guatemala	16.86	12.50
India	18.00	21.95
Indonesia	26.58	21.30
Ireland	56.10	59.15 a/
Israel	84.12	62.86
Italy	42.65	51.95
Jordan	41.31	41.41 a/
Kenya	30.71	29.28 a/
Malawi	38.24	32.72 a/
Malaysia	43.91	32.51 a/
Malta	37.18	38.90 a/
Mauritius	34.35	24.55
Mexico	22.68	23.83 a/
Morocco	38.59	26.60 a/

Table 1 (continued)

Country	1981	1988
Netherlands	57.33	55.28
New Zealand	43.73	45.36 a/
Norway	42.40	46.59 a/
Oman	47.75	49.35 a/
Pakistan	21.30	23.93
Panama	35.91	33.26 a/
Papua New Guinea	37.59	32.04 a/
Philippines	15.77	16.54
Portugal	47.14	48.56 a/
Republic of Korea	22.38	16.74 b/
Singapore	30.09	34.66 a/
Sri Lanka	23.70	35.31
Swaziland	39.65	25.47
Sweden	46.52	40.56
Thailand	19.11	16.80
Tunisia	34.86	36.40 a/
Turkey	23.85	21.45
United Kingdom of Great Britain and Northern Ireland	41.23	36.94 a/
United States of America	23.54	22.75 b/
Yemen Arab Republic	32.37	28.31 a/
Zambia	35.58	37.68
Zimbabwe	32.25	46.79 a/

Source: International Monetary Fund, Government Finance Statistics Yearbook, 1989 and International Financial Statistics Yearbook, 1990 (Washington, D.C., 1990).

a/ 1987.

b/ 1989.

17. There are several problems in transferring the ownerhsip of government enterprises in developing countries. Where capital markets are still hardly developed, there are no indigenous means of financing the purchase of large enterprises by the private sector. It is to be expected that Governments, especially in countries where memories of colonial rule are still very fresh, may not wish to sell many enterprises to foreigners. Governments have been most keen to sell enterprises that do not turn in operating surpluses and private financiers are most keen to buy those running a surplus; there has also been a mismatch between the sorts of enterprises on offer and on demand. The fears expressed by employees' unions that their membership may lose employment, owing to the sale of deficit-ridden enterprises, as well as similarly placed bureaucrats who may lose both power and income, have placed obstacles on the sale of government-owned enterprises.

18. In developing countries, the role of the government continued to be reassessed. It is well recognized that Governments ought to refrain from undertaking entrepreneurial activities often on a small scale and in large numbers (such as retail trade) or requiring a high degree of flexibility and quickness of response (such as restaurants and hotels). 13/ It is widely regarded inefficient for Governments to foster opportunities for rent seeking activities which may, among other things, entice entrepreneurial talent to seek earnings in these pursuits rather than in activities which add value in the economy. 14/ Once such opportunities are established, those who benefit from the arrangements, such as politicians who wish to satisfy their beneficiaries and bureaucrats who wish to extend their spheres of activities, combine in an "iron triangle" to perpetuate and benefit from these arrangements. 15/ At the same time, it is well accepted that there are some functions that Governments must do and others that it can do with much greater benefit to society than if non-government agencies were to undertake them. The provision and maintenance of infrastructure, the supply of merit goods and those others whose externalities are of significant importance, the regulation of the functioning of certain markets and their institutions (for example, money and credit markets and financial institutions), the prevention of extreme concentration of the ownership of wealth and the eradication of poverty and maintaining a high level of capital accumulation are well within the compass of activities that Governments can pursue with profit to the economy. In addition, the importance of maintaining reasonable fiscal and monetary stability by Governments has been heavily emphasized. 16/ Finally, it has been perceived that selective intervention in markets, as in the Republic of Korea since 1960, can make important contributions to raise competitiveness and dynamism in the economy. 17/

B. Growing concern with social services and welfare issues

1. Resource use in social services

19. Expenditure on social services (education, health, social security and welfare, housing and community amenities, recreation, cultural and religious affairs) is a large proportion of total central government expenditure in most

countries (see table 2). Of 14 developed countries for which there were data for the years 1987 and 1988, only in the United Kingdom was the proportion of expenditure on social services in total central government expenditure less than 50 per cent. In Austria, the proportion exceeded 70 per cent and in Finland, Ireland, Luxembourg, the Netherlands and Sweden, it exceeded 60 per cent. Among 42 developing countries for which there were data, Barbados and Chile stood out with the proportion of total central government expenditure on social services exceeding 50 per cent in 1987. At the other end, there were five countries: Malawi (1987), Mali (1987), Indonesia (1988), Nepal (1989) and Mexico (1988), in which the proportion was less than 20 per cent.

20. The sheer magnitude of government expenditure on social services is sufficient reason for concern to ask who pays for them, who benefits from them, why has the volume grown so large and cannot the funds be spent more efficiently, more efficaciously and more wisely. More reasons have been added during the last few years. The continuing changeover to market economies in the Soviet Union and most East European countries, and the response of economic institutions in China and Viet Nam all raise questions as to new modes of providing social services, which earlier in those economies had been provided from social consumption funds. A public that for a generation and more had held a sturdy social welfare net preventing people from a descent to destitution and misery is not without reason anxious about these arrangements in the new economy. 18/ The slide-back in economic well-being in a large number of developing countries during the 1980s, the dreadful consequences of natural disasters and conflicts in several countries and the large numbers of those countries that were adversely affected by stabilization and adjustment programmes have all forced developing countries in recent years to reconsider the volume and the value of their social services expenditure.

21. Some demographic changes have been at the root of new concerns in the social welfare issues. The aging of population, more markedly in developed countries, less so in some developing countries, including China, has brought forth prominently many questions regarding their welfare. In Western Europe, the proportion of the elderly population (60 years and more) in the total population increased from 17.8 per cent in 1985 to 18.6 per cent in 1990 (about 5 million people) and in North America from 16.4 to 16.8 per cent (about 3 million people). 19/ The age composition of the elderly population itself changed as an increasing proportion was aged 70 years and more. There also has been a sharp increase in single-parent families. In 1988, more than one in five households with dependent children in the United States and Denmark were single-parent households; in Canada France, the Federal Republic of Germany, the Netherlands, Sweden and the United Kingdom, the incidence of lone parenthood was in the range of 10 per cent to 15 per cent of all households with children. 20/ In many countries in Europe, divorce and maternity of unmarried women accounted for the increase in lone parenthood in the 1980s. 21/ In all countries, single-parent families frequently have low incomes and they are more likely than other families to experience poverty. A large proportion of the single parents were young women below 20 years of age. The emergence of substantial numbers of young single mothers, especially in urban centres, has created new needs for services for the welfare of both mother and child.

Table 2. Expenditure on social services as a percentage of total central government expenditure*

	Year	Education	Health	Social security and welfare	Housing and community amenities	Recreational, cultural and religious affairs and services	Total
Industrial countries							
United States of America	1988	1.67	12.48	27.63	3.85	0.26	45.89
Canada	1988	3.09	5.89	35.39	1.93	0.76	47.06
Australia	1987	7.04	9.58	26.96	1.65	1.31	46.54
New Zealand	1987	11.11	12.42	28.01	1.71	0.43	53.68
Austria	1988	9.30	12.78	44.78	2.75	0.66	70.27
Belgium	1987	11.99	1.82	40.05	2.44	0.91	57.21
Finland	1987	13.85	10.61	34.44	1.69	1.54	62.13
Ireland	1987	11.80	12.45	25.31	5.02	0.26	54.84
Italy	1988	7.62	10.41	34.90	0.52	0.88	54.33
Luxembourg	1987	8.99	2.14	48.26	1.56	1.39	62.34
Netherlands	1988	11.85	10.86	35.08	4.54	1.00	63.33
Norway	1987	8.21	10.72	35.05	1.09	1.24	56.31
Sweden	1988	9.17	1.12	50.45	3.71	0.70	65.15
United Kingdom of Great Britain and Northern Ireland	1987	2.20	13.57	29.05	1.86	0.46	47.14
Africa							
Botswana	1987	18.13	7.44	2.82	8.18	1.20	37.77
Burkina Faso	1987	13.97	5.22	...	0.22	1.32	20.73
Ethiopia	1987	10.57	3.56	5.16	4.11	1.26	24.66
Ghana	1988	25.71	8.95	6.88	5.00	...	46.54
Guinea-Bissau	1987	5.20	5.40	8.75	8.33	0.40	28.08
Kenya	1987	21.55	6.08	0.11	3.36	4.41	35.51
Malawi	1987	10.05	5.90	0.14	1.86	0.30	18.25
Mali	1987	9.75	2.60	2.91	0.38	0.57	16.21
Mauritius	1989	14.16	8.92	15.25	4.35	1.43	44.11
Morocco	1987	17.02	3.04	6.93	0.41	0.60	28.00
Swaziland	1989	23.76	9.45	0.43	5.17	0.70	39.51
Togo	1987	19.90	5.20	7.05	1.43	2.62	36.20
Tunisia	1987	14.60	5.93	13.86	8.17	2.33	44.89
Zimbabwe	1989	23.18	7.55	3.37	0.46	1.14	35.70

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Table 2 (continued)

	Year	Education	Health	Social security and welfare	Housing and community amenities	Recreational, cultural and religious affairs and services	Total
Asia							
Fiji	1988	20.58	7.34	5.85	2.91	0.56	37.24
Indonesia	1988	10.00	1.75	-	1.71	0.59	14.04
Malaysia	1987	19.98	4.80	3.97	...	-	28.75
Maldives	1988	11.49	3.57	2.39	17.39	-	34.84
Myanmar	1987	13.42	4.95	8.37	4.86	-	31.60
Nepal	1989	9.40	5.69	-	3.71	-	18.80
Papua New Guinea	1987	15.86	9.58	0.51	1.18	1.87	29.00
Philippines	1987	15.71	4.57	1.72	0.48	0.60	23.08
Republic of Korea	1988	19.02	2.21	7.43	1.09	0.66	30.41
Singapore	1987	14.43	3.59	1.28	9.71	0.46	29.47
Solomon Islands	1988	22.38	6.21	0.76	2.68	0.67	32.70
Thailand	1988	19.26	6.24	3.41	2.01	0.34	31.26
Tonga	1988	12.94	7.13	1.07	1.66	-	22.80
Vanuatu	1988	27.12	12.40	0.89	-	1.45	41.86
Europe							
Cyprus	1988	10.83	6.82	19.81	3.99	1.62	43.07
Hungary	1988	2.12	1.74	27.45	1.24	1.79	34.34
Malta	1987	8.84	9.23	35.12	9.79	0.97	63.95
Turkey	1988	12.73	2.38	1.24	1.82	0.01	18.18
Yugoslavia	1987	-	-	11.22	-	0.21	11.43
Middle East							
Bahrain	1988	12.35	7.65	2.38	5.10	2.02	29.50
Egypt	1987	12.03	2.47	11.08	4.93	7.03	37.54
Israel	1988	9.56	3.71	20.99	0.22	0.99	35.47
Jordan	1987	12.97	5.39	8.40	1.08	3.01	30.85
Oman	1988	10.74	4.79	2.21	6.08	2.18	26.00
Syrian Arab Republic	1987	10.38	1.55	3.94	0.51	1.51	17.89
Yemen Arab Republic	1988	17.56	3.59	-	-	2.09	23.24

Table 2 (continued)

	Year	Education	Health	Social security and welfare	Housing and community amenities	Recreational, cultural and religious affairs and services	Total
Western Hemisphere							
Argentina	1987	6.92	2.12	31.68	0.32	0.85	41.89
Barbados	1987	17.08	11.55	21.29	3.31	2.70	55.93
Brazil	1987	4.78	9.51	23.71	0.49	0.18	38.67
Cayman Islands	1988	12.46	12.20	3.22	7.98	0.78	36.64
Chile	1987	11.99	6.31	34.45	4.72	0.79	58.26
El Salvador	1988	17.06	7.14	...	1.51	0.99	26.70
Mexico	1988	7.44	1.10	8.29	1.00	0.26	18.09
Peru	1987	15.26	5.77	...	...	...	21.03
Saint Vincent and the Grenadines	1988	17.30	13.41	2.30	3.89	0.16	37.06

Source: International Monetary Fund, Government Finance Statistics Yearbook, 1989 (Washington, D.C., 1989).

* Countries with federal constitutions where expenditure on social services are mainly the responsibility of constituent units rather than the central government have not been included in this list.

22. There has been growing scepticism about the efficiency and efficacy of many social welfare programmes, especially when compounded with reluctance on the part of the public to provide resources for these purposes. 22/ In Sweden, for example, stricter contr s had been introduced to prevent abuse of the social security system. 23/ In the Federal Republic of Germany, reforms were introduced in 1989 to streamline the functioning of the health insurance scheme and lower the cost of prescription drugs. In Italy, the Government has discontinued financing non-contributory or partially non-contributory social security benefits in order to spread the cost of insurance more equitably throughout the population. 24/ In France, laws were enacted in December 1988 to provide "a minimum integration income" to all lacking adequate resources to live in contrast to the earlier practice of providing such income only to specific groups, such as the handicapped, the aged and single-parent families. Certain safeguards were built in to prevent the minimum integration income from becoming "the wages of the poor". The provision of assistance is linked with social and vocational integration programmes whose aim is to arrest the process of social marginalization, in particular in education, employment, training, health and housing. 25/

2. Health services

23. One of the major policy issues in health care that came to be widely discussed is the efficiency of the delivery systems. 26/ Several factors contributed to a rapid rise in costs of health care services. As conditions of public health improved and populations aged, morbidity patterns changed such that chronic and degenerative diseases requiring longer stays in hospitals and services of more personnel became more prominent. 27/ Advances in medical technology made available highly sophisticated and expensive equipment for diagnosis and treatment. Some of this equipment helped prolong life beyond what was feasible barely a decade earlier, adding further to the demand for expenditure on medical services. Research into new drugs and their development made them more costly than those available earlier. Many of these changes themselves became feasible because of the manner in which medical services have been organized and financed. The reduced availability of the services of family doctors or general practitioners resulted in more frequent recourse to specialist services which generally turned out to be more expensive. The direct payment for medical services by third parties, such as a Government or private insurance agency, very much removed cost considerations from immediate concern in the provision of medical services. It was possible for medical service institutions and professionals to prescribe and provide high cost services on the intrinsic value of which ordinary citizens had little knowledge.

24. Measures to contain costs and improve the quality of services have been taken by Governments in most developed countries. Cost-containment policies were contingent upon the method of financing and delivering health care services. In countries where a government both paid for and delivered health care services, as in the Nordic countries, France, Italy, Denmark, Ireland, Canada, Belgium, Luxembourg and the United Kingdom, Governments took direct action to reduce health-care costs. In the Federal Republic of Germany, 28/ where medical services are paid for from compulsory social insurance payments, the federal government prohibited payments for rest cures out of State insurance funds, and reduced the list of drugs, the purchase of which would be reimbursed. In the United States of America, the Government took direct measures to reduce the spiralling medical and health costs of programmes under its control. The Government, as well as large corporations, sought alternatives to the fee for service practice by contracting with "managed-care" schemes, such as "preferred provider" and health-maintenance organizations which, for a flat fee, provided their customers with all their health-care needs.

25. Since health care is provided by persons with long and intensive periods of training and the average person is not in possession of the knowledge required to assess the usefulness and validity of the services provided, ethical behaviour on the part of medical practitioners is of special importance. These ethical standards have in most instances and for a long time been imposed by the medical profession itself. More recently, especially in the United States, the imposition of heavy penalties resulting from long, complex and exhausting litigation has come to play a significant role. There have also been steps to instruct medical practitioners in the ethics of their profession.

26. In the Soviet Union and some economies in Eastern Europe, although the costs of health care is low to the individual, there are several other problems. Differences among regions in the availability of facilities and services continue to be large. Resource constraints severely limit the availability of equipment, drugs and services, so that the average health care facility, such as a hospital, frequently falls short in sanitary and hygienic standards characteristic of them in most other countries.

27. In developing countries, the principal means of obtaining more "health output", sometimes from a falling volume of input, has been to redirect health services towards providing primary health services, especially immunization against childhood diseases and the use of inexpensive and technically simple means of curing the sick. A more rational drug policy is considered capable of contributing to substantial reductions in costs. 29/ At a fundamental level, the provision of an adequate diet, of safe drinking water and improved sanitation have been shown to have greater impact on reducing morbidity and mortality than higher expenditure on health services. 30/ However, the aging of populations in some countries and the spread of acquired immunodeficiency syndrome (AIDS) in some others have widely stretched their resources.

3. Education

28. Educational policy has received close attention for several reasons. The most common reason is the need to respond to enormously rapid changes in technology, the production process and product composition. In order to be able to further and to adopt the new technology, to accept new production processes and to compete in product markets, high levels of education have been seen to be essential. Economies, such as Japan and the Republic of Korea, which are poor in natural resources but have educated labour forces, have surged ahead at sustained high rates. Secondly, even in traditional sectors, such as agriculture, economies in South Asia with substantially well-educated populations have done remarkably well compared to several economies in Africa, where there have been severe shortfalls in food production. Thirdly, there have been, especially in developed countries, the conundrum that more resources allocated to school systems do not raise education output. 31/

29. Adequate responses to these challenges are still being developed in most countries. Developing countries that have been most severely affected economically during the 1980s have the most difficult problems mainly because, in general, their average level of education was low to start with. The output of agricultural scientists, extension personnel and policy makers will take time. In the mean while, they are likely to benefit from technical co-operation personnel from other countries. Other developing countries have sought to change priorities and introduce more mathematics, science and vocational training into their schemes of education.

30. One of the major proposed innovations in some developed countries is a set of measures to induce public schools to provide a higher quality education. It has

been argued that, if parents were issued vouchers by the government that could pay the cost of education of their children and the parents and children were free to choose the schools, there would be strong incentives for managers of schools to improve their quality of education to attract more students. Schools providing low quality education would simply not be able to survive, since students would abandon them. Furthermore, managers of schools would be free to attract teachers of quality by rewarding them competitively. The proposal, although attractive, is not problem-free. It is feared that such a choice by parents and children would further the gulf between good and poor schools, mainly because more educated parents would obtain and use information, which the less sophisticated can neither obtain nor put to equally effective use. There are also the interests of teachers' unions whose members may not wish to part with rights to continuity of employment which have been won during generations of struggle against their employers.

4. Social security

31. Social security programmes have received fresh attention for several reasons. In the Soviet Union and other economies in transition, there are major questions regarding social security, including that of installing new institutions. In developing countries, problems arising from the processes of aging, urbanization and the dissolution of family ties were made the more severe by increasing urban unemployment, lower rural incomes because of the fall in international prices for most agricultural commodities and cut-backs in government expenditure in the course of stabilization and adjustment programmes. In developed countries, one of the major concerns has been that social security programmes cause unnecessary costs to the economy and may engender a "poverty trap", which keeps people for long years and even in a second generation solely dependent on social security benefits.

32. A striking feature of arrangements for providing assistance under social security programmes to those out of employment in the former administrative command economies is the combination of that assistance with facilities for retraining themselves. Roughly similar changes have been made in most developed market economies providing financial and other support for persons to retrain themselves or venture out to establish enterprises of their own. In developed countries there have been measures to reduce gender bias further in the provision of social security benefits. Countries in the European Economic Community enacted laws so as to bring their practices in line with the December 1978 Directive of the European Communities on the implementation of the principle of equal treatment of men and women in social security matters. In several developed market economy countries, including Finland, France, Greece and Ireland, unemployment and other social security benefits were extended to the agricultural sector. Similar extensions have been made to cover several other groups.

33. In practically all developing countries, there are some forms of social security provided by the government, although only a small fraction of the total population is covered and the volume of assistance provided is often little. It is mainly the employers of government and large-scale enterprises who receive the most benefits. In Africa, the proportion of persons who are not civil servants in the

total population covered under a general scheme of social insurance did not exceed 10 per cent in 1989 in Benin, Burkina Faso, Burundi, Chad, the Comoros, Côte d'Ivoire, the Gambia, Ghana, Guinea, Mali, Mauritania, Morocco, Niger, Rwanda and Togo. 32/ In recent years, government policies have been directed mainly at strengthening, expanding and improving their social security schemes. In several developing countries, including Costa Rica and Guinea-Bissau, social security benefits were extended to temporary workers and other similar categories. In Egypt, a special social security scheme covering old age pensions, payments to invalids and survivors' benefits was introduced for those who work irregularly. Enterprises employing more than a certain number of women were required to provide a crèche in Argentina, Bolivia, Chile, India, the Islamic Republic of Iran, Iraq, Jordan, Myanmar and the Syrian Arab Republic.

C. Environmental issues

34. In the two years since the publication of the 1989 Report on the World Social Situation, several developments converged to bring environment issues to the forefront of the political agenda and to give new urgency to efforts to put the relationship between the earth and its inhabitants on a sustainable basis. A better understanding of the fragile nature of the world ecosystem, a growing awareness that it is indeed possible to preserve the environment given the will to do so and an emerging willingness to recognize that poverty as much as affluence has harmful effects on the environment have contributed to bring about numerous initiatives in many parts of the world. 33/

35. Polling data in 14 countries in Africa, Asia, Latin America and Europe taken in 1988 and in the United States of America in 1989 showed widespread concern about the environment. 34/ In all countries surveyed, respondents put, by large margins, higher priority on reducing environmental health risks than on increasing living standards. Overwhelming majorities wanted Governments to pass and enforce stricter laws and to make protection of the environment a higher priority. 35/ At the same time, much has come to light about damage to the environment in the Soviet Union and Eastern Europe. 36/

36. The relationship between the economic advancement and damage to the environment also has been better articulated. On the one hand, there is damage to the environment from the use of large volumes of resources in high-income countries. In the United States, commercial energy consumption per capita was 280 gigajöules compared to 8 in India in 1987. Quite clearly, if energy use in the rest of the world were at the same level as in the United States, under present technology there would be an "ecological disaster". At the same time, a world in which the consumption of energy at levels none higher than in India would be equally untenable. 37/ The damage to the environment in low-income countries, from some perspectives, amounts to drawing on current resources (such as soil fertility, fresh water, fuel wood) to eke out a living at the expense of future generations. As more people are pushed further into marginal lands, such as semi-arid and arid areas, hillsides, tropical forests and other ecologically sensitive areas, soil erosion, desertification, declining soil fertility, salinization, flooding,

mudslides, fuel-wood shortages and unhealthy water supplies, by themselves, have become constraints to a rise in productivity among the poor. 38/ That a process of raising output with the extensive use of natural resources without adequate safeguards can be deadly to the environment has been demonstrated by the experience in the Soviet Union and Eastern Europe. 39/ A good part of the environmental damage is caused not simply by poor efficiency in the use of sources of energy but also by a lack of technology and equipment to contain toxic wastes. 40/ Knowledge about damage caused by radiation released in the course of the Chernobyl accident in April 1986 has made nuclear power as a source of energy unwelcome in many parts of the world. There have been no marked advances in technology of renewable and unconventional sources of energy to bring down the cost of other known sources of energy so as to make them applicable widely in the economy.

37. Awareness among consumers, producers and political leaders has also grown rapidly. The influence of "green movements" has continued to grow, especially in Western Europe. In a 1989 poll in the United Kingdom, 42 per cent of respondents claimed that they had consciously chosen a "green" product in the past year, more than twice as many as in 1988. 41/ Corporations such as Du Pont and Imperial Chemical Industries have announced that they would cease the production of some harmful chemicals. Some other enterprises have moved to change over to the use of recyclable and bio-degradable packaging material. At their fifteenth annual economic summit (16 July 1989), the leaders of Canada, the Federal Republic of Germany, France, Italy, Japan, the United Kingdom and the United States called for decisive action to understand and protect the earth's ecological balance. The Heads of State or Government of non-aligned countries at their Ninth Conference in September 1989 observed that the protection of the environment had emerged as a major global concern. The Heads of Government of the Commonwealth in the Langkawi Declaration (21 October 1989) pointed to the compelling necessity for economic growth and the incorporation of environmental concerns into economic planning and policies to achieve sustainable development. 42/

38. Internationally, there has been some significant movements. The Montreal Protocol on Substances that Deplete the Ozone Layer was amended at the second meeting of the Parties to the Protocol who met in London from 27 to 29 June 1990. The meeting also established an Interim Multilateral Fund of $160 million for the period 1990-1991 to meet agreed incremental costs of developing countries in order to enable them to comply with the control measures of the Protocol. At the Second World Climate Conference (scientific/technical), it was concluded that the predicted climatic changes would place stresses on natural and social systems unprecedented in the last 10,000 years. 43/ International conventions on the climate and the protection of diversity of plant and animal life are expected to be negotiated and signed at the United Nations Conference on Environment and Development to be held in June 1992 in Brazil.

D. Drug abuse

39. The abuse of narcotic drugs and psychotropic substances is at the personal level a problem that incapacitates the normal functioning of an individual and harms his health. The health problem is compounded by the use of contaminated

needles to inject drugs and the consequent spread of diseases such as hepatitis B and the deadly AIDS. The abuse of drugs is societally differentiated, with mainly the poor and young as its victims. However, in most countries, the trade in, possession and consumption of many of these drugs are in breach of the law. Consequently, drug abuse is both a health and a crime prevention problem. Traffickers in drugs, in particular, have come to earn large incomes and use sophisticated and highly destructive weapons and employ large numbers who wield them to protect themselves, their operations and fight for markets. These traffickers not only perpetrate violence among themselves and on innocent citizens but also constitute a threat to legitimate Governments, as when they murdered leading political figures in Colombia in 1989 and 1990. Producers and traders of illicit drugs earn significant incomes and the elimination of the drugs problem cannot be expected to come about in the absence of parallel solutions to economic ones. Drug abuse thus has implications for policies in a number of areas: health, crime prevention and criminal justice, incomes and employment and political stability.

40. There is evidence suggestive of a rapid increase in drug abuse during the 1980s the world over, as shown in table 3 below. There is also evidence that markets for illicit drugs fell marginally in the United States during the last four years, and that they have expanded in Europe and Japan with a likelihood that the Soviet Union and Eastern Europe may also become growing markets. As the price of cocaine, for example, fell from about $60,000 a kilogram in 1980 to about $10,000 in 1990, the drug became affordable to persons with reasonably low incomes. The major response to the challenge has been education in the dangers of drugs abuse and curative programmes to break addiction. Little is understood as to why some in society take to drug addiction, while many others in similar economic and social circumstances do not. In order to arrest the transmission of viruses by way of contaminated needles, there have been small-scale programmes to sell or to provide free of charge clean needles to drug abusers. There is no evidence that the programmes have been significantly successful. 44/

Table 3. Quantities of drugs reported seized world wide: 1980-1988

(Tons)

Drug	1980	1981	1982	1983	1984	1985	1986	1987	1988
Cannabis herb/plant	5 806	5 300	7 295	11 719	25 815	6 548	17 999	53 632	20 901
Cannabis resin	172	291	222	278	309	362	439	432	479
Cocaine	12	9	12	41	59	56	128	152	213
Heroin	3	6	6	12	11	14	15	17	23
Opium	52	54	46	83	59	41	52	52	96

Source: Division of Narcotic Drugs, United Nations Office at Vienna.

41. The problems relating to crime prevention and the criminal justice system arise because societies have made the production, possession, trade in and consumption of these drugs illegal. It has been argued that if these laws were either repealed or went unenforced, drug abuse would become primarily a personal and health problem. Recent experience in Holland is held out as an example of this transformation. 45/ In most societies, however, the fact that drug abuse and its deleterious consequences are socially differentiated, attracting some of the most vulnerable - the young and the poor - does dictate against legalizing the use of these dangerous drugs, as if they were articles of common and harmless consumption. Although there has been public discussion of the issue, there has been no significant movement to legalize their use. Large amounts of resources and strong personal commitments have been made to prevent and combat the violence associated with drug abuse. The commitment of resources is most evident in the United States, and personal commitment most evident in Colombia, where several political leaders, jurists and journalists took a stand against the personal armies and dangerous weapons of drug traffickers. 46/

42. The economic gains from drug cultivation, manufacture and trade are by any standard immense. As virtually all operations are illegal, reasonably reliable figures are difficult to come by, yet such evidence as there is points to economic activities of major significance. 47/ Wages in the drug industry in some countries, moreover, are thought to be about 10 times higher than earnings for comparable work in the legal economy. 48/ In the conditions prevailing in regions where coca or opium are grown, they are by far the most paying crops. Clearly, it is a most lucrative economic activity, substitutes for which cannot be easily found. The earnings at each stage are sufficiently high to allow large margins 49/ that can be used to bribe public officials, train and retrain terrorists and undertake such other measures as to subvert the authority of law-enforcement agencies.

43. Consequently, policies that successfully attack drug abuse must contain significant economic components and these can be quite costly. It is not sufficient to destroy a coca or an opium crop, there must also be alternative crops which are at least as economically attractive to the cultivator as coca or opium. It is not sufficient that traffic in drugs be intercepted by law-enforcement authorities; traffickers also must lose their ill-gotten wealth. In the United States, laws permit the confiscation of property of convicted drug traffickers. Banks in France and the United Kingdom are required to report to authorities whether an account is being used for earnings from drug trafficking. 50/ Finally, it is highly important to restrain and cut down demand for illicit drugs, which would eliminate the large economic gains and, more forcefully than any other measure, help eliminate the drug scourge.

44. Internationally, the most significant event during the last two years was the adoption of the Political Declaration and Global Programme of Action by the General Assembly at its seventeenth special session in February 1990. The special session was devoted to the question of international co-operation against illicit production, supply, demand, trafficking and distribution of narcotic drugs and psychotropic substances. At the subsequent World Ministerial Summit to Reduce the

Demand for Drugs and Combat the Cocaine Threat, held from 9 to 11 April 1990 in London, the Ministers attached the same importance to demand reduction as to constraining supply.

E. The peace dividend

45. One of the major expectations of the international community from easing tensions between the two most powerful military blocks confirmed by the Conference on Security and Co-operation in Europe (20-22 November 1990) was the "peace dividend" - a reallocation of resources from military to civilian uses on a significantly large scale. This reallocation was expected to add to resources for social development purposes - both in developed and developing countries - and to raise resources available for development assistance to developing countries from developed countries. The World Bank estimated that, in the United States, such savings would amount annually to $45 billion over the four years, 1990-1993. This sum was roughly three times the annual expenditure on foreign assistance. 51/ The Swedish International Peace Research Institute estimated that the United States could, by reducing its defence spending by 1 per cent, increase its official development assistance by 29 per cent. 52/ The Gulf Crisis in August 1990 may have somewhat reduced the prospects of obtaining so high a dividend, at least in the short run.

46. In fact, the share of defence expenditure in total central government expenditure and in the gross domestic product (GDP) fell slightly in 1987 as compared to 1986. 53/ The Swedish International Peace Research Institute (SIPRI) estimated that, between 1988 and 1989, the reduction in world military expenditures is slightly less than 2 per cent after adjusting for inflation. 54/ The major cuts were in the United States, the Soviet Union, China and Warsaw Treaty Organization countries. Imports of major weapons into several developing countries (see table 4 below) fell in 1989 from high levels in 1988. However, imports into some others increased substantially.

47. The magnitude of the peace dividend is likely to have been overestimated for several reasons. In developed countries, the first effect of a cut in defence expenditures would be a fall in total income, with persons and equipment idle until such time as redeployment and conversion could be completed. In developed countries, significant cuts in expenditure, if not matched by increases elsewhere, may reduce inflationary pressure and thus probably bring down interest rates, which would ease the burden of debtor Governments, whether in developed or developing countries, providing further relief to the fiscal budget. However, finding alternative applications for military production facilities cannot be expected to be costless. Governments may have to spend substantial sums on retraining and resettlement of military personnel released. The redirection of research and development efforts may take even longer.

Table 4. Imports of major weapons into several developing countries

(Millions of United States dollars, constant 1985 prices)

	1985	1986	1987	1988	1989
India	1 876	3 683	4 585	3 383	3 819
Iraq	2 871	2 447	4 247	2 005	418
Saudi Arabia	1 447	2 395	1 956	1 770	1 196
Syrian Arab Republic	1 690	1 508	1 169	1 172	336
Egypt	1 282	1 665	2 347	348	152
Democratic People's Republic of Korea	977	876	487	1 383	1 553
Afghanistan	82	611	687	939	2 289
Angola	694	975	1 135	890	24
Libyan Arab Jamahiriya	969	1 359	294	65	499
Taiwan	664	866	640	513	263
Iran (Islamic Republic of)	710	746	685	538	261
Pakistan	675	616	467	467	694
Republic of Korea	388	267	597	934	607
Israel	193	446	1 629	327	93
Thailand	305	74	644	510	330
Others	5 753	5 026	4 601	4 012	3 893
All countries	20 576	23 560	26 170	19 256	16 427

Source: Swedish International Peace Research Institute, "World Armaments and Disarmament", 1990 Yearbook (Oxford University Press, New York, 1990), p. 228.

48. Changes with respect to developing countries may be substantially different. As long as armaments are imported, there can be an immediate shift from imports of military equipment and material to goods and services for civilian uses. To the extent that the subsidized sales of military equipment will be replaced by sales on commercial terms, savings in import capacity may not be as high as first estimated. There is also the fear of dumping in developing countries military equipment that was no longer marketable in developed countries because of a drop in demand for them. One way to restrain this flow may be to publicize the flow of armaments from developed countries to developing countries. The training and redeployment of military personnel are likely to be more difficult problems than in developed countries.

F. Conclusion

49. The last two years of the decade of the 1980s have seen massive and rapid changes in some social conditions in several countries. These include significant changes in some fundamental social institutions, such as Governments, political parties and production relations, in the previously centrally-planned economies. Consequently, as the nature of social problems changes, there have been new institutions and organizations providing social services, including social security. Social service organizations, policies and policy instruments in many developed market economy countries have been in question and innovations have been quite common. In developing countries, especially Africa, serious questioning has taken place of social institutions with which many countries in the region have not been able to make significant economic and social progress during the last four decades. In both Asia and Latin America, there has been a movement towards establishing popularly elected Governments. The role of government in developing countries is still much under debate, although it does now seem clearer that there are functions that government ought to steer clear of and others that are their inescapable responsibility. There has been much emphasis on instruments of economic and social policy, to the relative neglect of policies themselves, with a view to achieving efficiency in the allocation and use of resources.

50. The consequences of these changes are yet to manifest themselves completely. The new economic structures in the Soviet Union and Eastern Europe are still in the making. As they establish market mechanisms, new laws, organizations, supervisory agencies and others will come into place. The new institutions are certain to add to the rights that the individual may enforce against the State. It is not yet clear what institutional arrangements will replace the elaborate and strong network of social services and social security provided under the administrative command economy. In the developed countries, there are serious problems with regard to these institutions and in most developing countries such institutional arrangements are still in the making. Consequently, there is much that has to be newly designed and much to be learned from the experience of market economy countries with the welfare State.

51. There has been a significant increase in attention to social services in the economy. In developing countries, poverty, poor health and low levels of literacy, especially among females, have been major causes for concern. The economic difficulties of the 1980s in the affected countries have put restraints on raising the volume and quality of social services. In the previously centrally-planned economies and developed market economies, some of the most important questions relate to efficiency in resource use and the efficacy of the services. Alternative policy instruments are being introduced, mainly with a view to obtaining competitive conditions in organizations providing these services. The experience is yet too limited to obtain probable generally valid inferences.

52. Those areas in which there has been noteworthy progress in international co-operation are in combating drug abuse, protecting the environment and in reducing armaments. The emergence of the drugs industry as a strong international economic activity threatening individual lives, whole societies and political

systems began to engender a response in terms of intergovernmental co-operative action. However, the resources required to stand successfully against the riches and the ingenuity of the drugs industry are yet to come into place. Of special importance are programmes that would make it worth while to primary producers to switch to other crops from coca and opium. The truly global nature of threats to the environment and the need for international action to reverse the damage and promote environmentally sustainable development has been well driven home as Governments prepare for the United Nations Conference on Environment and Development in 1992. That the high intensity use of resources in high-income countries and the destruction of ecosystems in low-income countries are both in different ways highly destructive of the environment is one of the more helpful insights that has developed over the last two years. Raising income levels in developing countries has come to form an integral part of any serious efforts to arrest the onslaught on the environment in those countries. The dramatic shift in attitudes towards each other among the two most powerful military alliances has provided opportunities for enormous reductions in military expenditure in those countries and a distinct mitigation of the intensity of regional conflicts. The reallocation of those resources for civilian uses, especially social development, will take both time and much energy and ingenuity.

Notes

1/ United Nations publication, Sales No. E.89.IV.1.

2/ African Charter for Popular Participation in Development (Arusha 1990) (E/ECA/CM.16/11), p. 18.

3/ Ekonomika i zhizn, No. 43, October 1990, p. 16.

4/ Argumenty i facty, No. 44 (525), November 1990.

5/ Foreign Broadcast Information Service, East Europe, No. 124, 27 June 1990, p. 61.

6/ Argumenty i facty, No. 44 (525), November 1990.

7/ "The private sector began to grow quite spontaneously with individual enterprises springing up like mushrooms in a forest after rainfall". János Kornai, "The affinity between ownership forms and co-ordination mechanisms: the common experience of reform in socialist countries", Journal of Economic Perspectives, vol. 4, No. 3, summer 1990, p. 135.

8/ See Kalman Mizsei, "Experiences with privatization in Hungary", paper prepared for the World Bank Conference on Privatization and Ownership Changes in East and Central Europe, Washington, D.C., 13 and 14 June 1990, p. 20.

9/ See Witold Walkowiak, Mikolaj Breitkopf and Darinsz Jaszezynski, "Private Sector and Privatization in Poland", paper prepared for the World Bank Conference, Washington, D.C., 13 and 14 June 1990, p. 2.

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10/ Ekonomika i zhizn, No. 43, October 1990, p. 15.

11/ Sunita Kikeri, "Bank Lending for Divestiture: A Review of Experience", The World Bank Working Papers. Washington, D.C., May 1990, p. 43.

12/ United Nations Development Programme, Africa Recovery, April-June 1990, p. 10.

13/ See Ann O. Krueger, "Government failures in development", Journal of Economic Perspectives, vol. 4, No. 3, summer 1990, pp. 9-23.

14/ See William J. Baumol, "Entrepreneurship: Productive, Unproductive and Destructive", Journal of Political Economy, 1990, vol. 98, No. 5, Part I, pp. 893-921.

15/ See Anne O. Krueger, op. cit., p. 19 and footnote 20.

16/ Albert Fishlow, "The Latin American State", Journal of Economic Perspectives, vol. 4, No. 3, summer 1990, pp. 61-74.

17/ Larry E. Westphal, "Industrial Policy in an Export Propelled Economy: Lessons from South Korea's Experiences", Journal of Economic Perspectives, vol. 4, No. 3, summer 1990, pp. 41-59.

18/ See J. K. Galbraith, "The rush to capitalism", The New York Review of Books, 25 October 1990.

19/ World Population Monitoring 1989, Population studies No. 113, United Nations publication, Sales No. E.89.XIII.12, New York, 1990, p. 47.

20/ United States Department of Labor, Monthly Labor Review, March 1990, pp. 50-51.

21/ Council of Europe, Household Structures in Europe, Strasbourg, 1990, pp. 10 and 60.

22/ See Assar Lindbeck, "Consequences of the Advanced Welfare State", The World Economy, vol. XI, No. 1, March 1988, pp. 19-37, and Gary Burtless, "The Economist's Lament: Public Assistance in America", Journal of Economic Perspectives, vol. 4, No. 1, winter 1990, pp. 57-78.

23/ The Economist Intelligence Unit, Country Report, Sweden, No. 1, 1990, pp. 11 and 12.

24/ International Labour Organisation, Social and Labour Bulletin, No. 2, 1989, p. 199.

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25/ C. Elvin, "The minimum integration income: factor in social change", The Social and Labour Bulletin (International Labour Organisation, Geneva, No. 2, 1989), p. 106.

26/ See David Parkin, "Comparing health service efficiency across countries", Oxford Review of Economic Policy, vol. 5, No. 1 (spring 1989), pp. 75-88.

27/ In 1987, in the United States of America, total annual per capita health expenditure for people aged 65 to 69 was $3,728 compared with $9,178 for those aged 85 and over. See David M. Cutler, James A. Poterba, Louise M. Sheiler and Lawrence H. Summers, "An aging society: opportunity or challenge", Brookings Papers on Economic Activity 1, 1990, p. 9, footnote 6.

28/ Through accession of the German Democratic Republic to the Federal Republic of Germany with effect from 3 October 1990, the two German States have united to form one sovereign State. As from the date of unification, the Federal Republic of Germany acts in the United Nations under the designation "Germany".

29/ See United Nations Development Programme, Human Development Report 1990 (New York, 1990), p. 83.

30/ World Bank, World Development Report 1990 (Washington, D.C., 1990), pp. 74 and 75.

31/ Eric A. Hanushek, "The economies of schooling: production and efficiency in public schools", Journal of Economic Literature, vol. XXIV, September 1986, pp. 1141-1177.

32/ See Jean-Victor Gruat, "Social service schemes in Africa: current trends and problems", International Labour Review, vol. 129, No. 4 (1990), p. 409.

33/ See Linda Starke, Signs of hope: working towards our common future (Oxford and New York, Oxford University Press, 1990) for an overview of initiatives since the publication of the report of the World Commission on Environment and Development, Our common future (Oxford and New York, Oxford University Press, 1987).

34/ Surveys were undertaken for the United Nations Environment Programme in Kenya, Nigeria, Senegal, Zimbabwe, China, India, Japan, Saudi Arabia, Argentina, Jamaica, Mexico, Hungary, Norway and Germany. See World Resources Institute in collaboration with the United Nations Environment Programme and the United Nations Development Programme, World Resources 1990-91 (New York and Oxford, Oxford University Press, 1990), pp. 10 and 47.

35/ World Resources Institute, op. cit., p. 10.

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36/ See Patrick Hubert, "L'écologie dans les pays du bloc sovietique", in Futuribles, No. 132 (May 1989), p. 54; Hubertus Knabe, "Glasnost für die Umwelt. Zur Lage des Umweltschutzes in Ungarn", in Osteuropa, vol. 39, No. 7 (July 1989), pp. 637-639; "Rising iron curtain exposes haunting veil of polluted air", The New York Times, 8 April 1990; and letter dated 6 July 1990 from the Deputy Minister for Foreign Affairs of the Union of Soviet Socialist Republics and the representatives of the Byelorussian Soviet Socialist Republic and the Ukrainian Soviet Socialist Republic addressed to the Secretary-General (A/45/342-E/1990/102).

37/ Robert Dorfman, "Protecting the Global Environment: an immodest proposal" (World Institute of Development Economics Research, Helsinki, 27 September 1989), mimeographed.

38/ See H. Jeffrey Leonard et al., Environment and the poor: development strategies for a common agenda (New Brunswick, United States of America and Oxford, Transaction Books, 1989).

39/ Randolf Gränser, "Perestroika in Energy: The Soviet Union and Eastern Europe", OECD Observer, No. 155, December 1988/January 1989, pp. 22-27; see also World Resources Institute in collaboration with UNEP and UNDP, World Resources 1990-91 (Oxford University Press, Oxford, 1990), tables 21.1 and 317.

40/ See William Chandler, Alexei Makarov and Zhou Dadi, "Energy for the Soviet Union, Eastern Europe and China", Scientific American, September 1990, pp. 121-127.

41/ "Seeing the green light", The Economist, 20 October 1990, p. 93.

42/ Linda Starke, "Signs of Hope Working Towards our Common Future" (Oxford University Press, New York, 1990), pp. 17-37.

43/ Report of the Secretary-General on protection of global climate for present and future generations of mankind (A/45/696/Add.1), p. 3.

44/ F. R. Ingold and S. Ingold, "The effects of the liberalization of syringe sales on the behaviour of intravenous drug users in France", Bulletin on Narcotics (Division of Narcotic Drugs, United Nations publication), vol. XLI, Nos. 1 and 2 (New York, 1989), pp. 67-80.

45/ "War by other means", The Economist, 10 February 1990, p. 50.

46/ See "The Killings in Colombia", America's Watch Report, April 1989, and Washington Office on Latin America UPDATE, "Paramilitary Groups Fuel Political Violence", January-February 1989.

47/ A sub-committee of the United States Senate is reported to have reckoned the value of global trade in banned drugs as $500 billion in 1989. See The Economist, 12 September 1989, p. 21.

Notes (continued)

48/ Bruce Bagley, "The Colombian Connection: The Impact of Drug Traffic on Colombia", reprinted by Tufts Experimental College for the Conference entitled "Drugs, International Security, and U.S. Public Policy", March 1988.

49/ "The kickback from cocaine", The Economist, 4 July 1990, quoting Eduardo Crawley of the Latin American Newsletter.

50/ "France asks banks to reveal drug accounts", Financial Times (8 February 1990).

51/ World Bank, World Development Report 1990, (Washington, D.C., 1990), p. 17.

52/ Swedish International Peace Research Institute, World Armaments and Disarmament (1990 Yearbook, Stockholm, 1990), p. 209.

53/ International Monetary Fund, Government Financial Statistics Yearbook 1989 (Washington, D.C., 1990).

54/ Swedish International Peace Research Institute, 1990 Yearbook, op. cit., p. 143.

ANNEX

1993 Report on the World Social Situation
(a draft framework)

I. SOCIAL CONDITIONS

Chapter

1. Population
1.1 Size, distribution, density, growth, urbanization, internal migration (using 1990 round of census)
1.2 Fertility, mortality, age composition, dependency ratio, problems of aging
1.3 Household size, female headed households,
1.4 International migration
1.5 Work force, participation of women
1.6 Some implications for social policy

2. Nutrition
2.1 Malnutrition (both in developing and developed countries)
2.2 Vitamin deficiencies
2.3 Food supplies
2.4 Food distribution
2.5 Famine and hunger
2.6 The most vulnerable groups and countries

3. Housing and sanitation
3.1 Indicators: housing, water, waste disposal
3.2 An estimate of investment requirements

4. Health
4.1 Indicators of health: infant mortality rate, under-five-years-of-age mortality rate, life expectancy
4.2 Morbidity patterns, including AIDS
4.3 Immunization efforts
4.4 Health care inputs (doctors, nurses, hospitals)
4.5 Access and equity: sex, regional, urban and rural
4.6 Major directions for policy

5. Education and literacy
5.1 Indicators of education: enrolment by level and by sex
5.2 Literacy; newspapers and books; radios, television sets
5.3 Educational input: schools, teachers, equipment
5.4 Access and equity: sex, regional, urban and rural
5.5 Main changes and responses

Chapter

6. Unemployment and low productivity employment
6.1 Developed countries: the new entrants and the long-term unemployed
6.2 Union of Soviet Socialist Republics and Eastern Europe: a new phenomenon
6.3 Developing countries: low productivity employment and the educated unemployed
6.4 Policy responses

7. Income distribution and poverty
7.1 Level and differences among countries
7.2 Distribution within countries (changes both in developed and developing countries)
7.3 Poverty
7.4 Policy responses

8. Expenditure on social services
8.1 Patterns of government expenditure on social services; government expenditure for military purposes and for debt servicing, as well as the potential impact of disarmament
8.2 Distribution: urban, rural; regional
8.3 Private-sector expenditure
8.4 New concerns

9. The quality of life
9.1 Isolation from mainstream of social life and participation in civic life
9.2 Family violence, homeless children and juvenile delinquency
9.3 Access to cultural activities
9.4 Diversity of conditions

II. MAJOR ISSUES AND DILEMMAS

10. Social change in the global context

Two themes will be discussed in this chapter. First, relationships between economic growth and social development, using mostly cross-country data and some time-series data. The chapter will also examine the dilemmas faced by societies and Governments using social development policies in major anti-poverty programmes and the consequences for the economy of past resource flows to social service sectors. The second theme comprises an examination of recent economic changes (debt problems, reverse capital flows, military conflicts, natural disasters) in their relationship to the social situation. International migration, especially from developing countries and Eastern Europe and the Soviet Union will form an important theme. The differentiated social effects of structural adjustment and stabilization policies and the implementation of the United Nations Programme of Action for African Economic Recovery and Development 1986-1990 in Africa and the international development strategy will also be discussed (Economic and Social Council resolutions 1987/47 and 1989/72; General Assembly resolution 44/56, para. 9).

11. Production and consumption patterns and the environment

Damage to the environment arises from consumption patterns (waste disposal, damage to life support systems and ecosystems), the exploitation of major resources (land, water, forests and plant life) and some techniques of production (toxic waste). This chapter will discuss the nature of adverse consequences from patterns of production and consumption at both low and high levels of income and the nature of policies and policy instruments that can be more effective for the protection of the environment. The interrelationship between poverty and the environment will be addressed. The extent of international co-operation will be analysed.

12. Developments in communication and social change

Means of communication have been rapidly diversified and vastly improved during recent decades. People generally have become more literate and the means of communication have become cheaper, more variegated and capable of penetrating international barriers, providing access to wider groups of people and an extremely rapid transmission of news and other information. These changes have enormous consequences on expectations, social organization and social and political change. A part of the problem may be the sheer volume of the information which the public may not be able to make use of. This chapter will include a short account of those changes and an assessment of their consequences on society.

13. Major changes in economic and social institutions

The decade of the 1980s, especially the last few years, has seen dramatic changes in institutions bearing on the achievement of economic advancement and social justice. The changes are most pronounced in China, the Soviet Union and in the Eastern European countries. In both developed and developing countries, the role of government has been radically questioned, and voluntary organizations have sprung up to take up new issues and concerns, including protection of the environment. In virtually all countries, the drive for efficiency in resource use and to secure advances in technology have given a new impetus to private initiative and entrepreneurship. This chapter will recount some of these changes and analyse the issues and dilemmas that arise in their course (Economic and Social Council resolutions 1989/71, para. 4, and 1989/120, para. 10; General Assembly resolutions 44/55, para. 6, and 44/213, para. 8).

14. New challenges to social security policies

Social security policies in all groups of countries have come under severe strain and have been forced to face new challenges. With the radical changes in the economic institutions in the centrally planned economies, there has emerged a need for new policies and policy instruments. In developing countries, public demand and economic austerity in the 1980s have made rudimentary and selective social security arrangements quite inadequate. In Latin America, there are special problems of providing social security benefits to the adult non-working population. In developed countries, serious problems have arisen because of a seemingly growing reluctance to provide resources for social security and the fear that, in some instances, current policies have engendered a culture of poverty. In all countries there are serious questions about the organization for the delivery of services. This chapter will be devoted to discussing briefly the nature of the new challenges and, at greater length, the shape of future responses.

15. Some consequences of advances in science and technology

Rapid advances in technology in recent decades have had marked effects on some aspects of social welfare and development. One of the most marked effects is on patterns of unemployment and on skill formation. Some others give rise to new questions in the allocation of resources in health services and in ethics in medical practice. Still others have challenged legal systems to redefine long-standing concepts of fundamental institutions, such as family and parenthood, and to meet new categories of crime. This chapter will be devoted to recount the nature of these new challenges and examine the kinds of policies and programmes presented to meet them (Economic and Social Council resolution 1989/47 and General Assembly resolution 44/54).

16. Social integration and disintegration

There are two seemingly contradictory sets of forces at work, one bringing about integration into larger societies and the other causing disintegration. There has been a reduction in political-ideological conflicts and relations between States. Within States rivalries, especially ethnic and religious have been resurrected or newly emerged. One major factor behind these conflicts may be the nature of the development processes themselves. This chapter will examine the nature of these forces and their probable direction and momentum.

17. Tobacco, alcohol and drugs abuse

The consumption and abuse of tobacco, alcohol and drugs have serious negative consequences on individuals and society, in particular ill health, violence, serious crime and threats to individuals and to legitimate and legal political processes. Some of these consequences are also societally differentiated. This chapter will contain an update of the situation from the 1989 Report on the World Social Situation and discuss the policies that can help remove those negative consequences (Discussion at the thirty-first session of the Commission for Social Development).

18. Conclusions